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FUTURE DIRECTIONS FOR PRIVATE NONINDUSTRIAL FORESTS

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I appreciate the opportunity to respond on behalf of the Department of Agriculture to the ideas presented during this national conference on private nonindustrial forests.

This conference culminates important nationwide efforts to assess the needs and opportunities for improving outputs from nonindustrial private forests. You have assumed the responsibility of speaking for some 4 million independent forest landowners.

There is a superabundance of diversity in the forest owners you represent.

Some of these owners are farmers. They call their forested lands "woodlots," use the wood for fuel, and graze their cattle on the understory vegetation. Some work in the city and prefer a lifestyle of living among the trees. Perhaps they like frequent encounters with the birds and other wildlife found there, or the shade that keeps their homes cool in summer.

Some are absentee owners, using these lands as vacation sites, for hunting and fishing, for mineral development, or leasing them to others for these purposes. They may be holding them as a means of financial security and as a hedge against inflation.

Some own their forest lands simply because they like the idea of owning trees.

Still others derive an important share of their income from planned, systematic harvest of their timber. Some replant the cutover land with seedlings of commercially valuable species. Others let nature take its course.

Remarks prepared for delivery by M. Rupert Cutler, Assistant Secretary for Natural Resources and Environment, before the National Conference on Private Nonindustrial Forests, Washington, D.C., November 27, 1979

These owners are people of all occupations. They are individuals, families, institutions, hunting clubs, estates, trusts, and nonforest-product corporations.

Some know or hire the skills of producing timber and of logging and marketing. Some are misinformed and badly misjudge the value of their timberlands. Still others have practically no knowledge and no apparent interest in becoming knowledgeable about forestry practices.

These owners are found in every state in the nation with all the differences in climate, topography, economics, and culture.

Given this diversity of ownership, it is amazing to witness the almost unanimous agreement you have reached on the problems and opportunities we face and the solutions for tackling them. In this era of turbulent public participation, this sense of unity is rarely experienced. I hope you haven't swept any strongly differing views under the rug, or failed to invite to your meetings representatives of interests whose views would differ from yours.

We've "talked to ourselves" long enough. Our audiences also must include bankers and other businessmen looking for new investment opportunities. Furthermore, as Jay Gruenfeld pointed out, we must include environmentalists seeking alternative sources of forest products to reduce commodity-output pressures on public forests.

In all four regions, you have said that current tax treatment not only is unfair to long-term investors in private tree crops, but also is a major disincentive to growing trees at all. You expressed concern about property, estate, capital gains, and income ~~taxes~~ as related to forestry. Some of the needs you identified were tax credits, write-offs for reforestation, and stabilization of taxes over the lifetime of the timber crop.

At the national level, I pledge that the Department of Agriculture representatives will work with the White House, with the Congress, with the Treasury Department, and in consultation with the Internal Revenue Service to "turn the corner" on federal tax treatment.

Through provisions of the Cooperative Forestry Assistance Act, we will intensify technical assistance to state foresters and direct that assistance toward eliminating oppressive and "highest-use" taxation of forests. On request we will help them with impact analyses of state and local laws.

We will have additional ammunition with which to address the tax issue when the National Agricultural Lands Study is completed in January 1981. This study is co-chaired by Secretary of Agriculture Bob Bergland and J. Gus Speth, chairman of the Council on Environmental Quality. The staff of this study is finding that taxes on land affect decisions to develop forested open spaces and green belts. The Secretary promised you yesterday that the U.S. Department of Agriculture is "going to be in there" when the administration develops its tax policy positions next year.

Forestry incentives are another of your primary interests. You report that direct economic incentives to assist the small woodlot owner are good--but you say they're not good enough. When the Forestry Incentives Program (FIP) was first proposed, only one state had its own cost-share effort. That effort has now spread from Virginia to six or seven other states. That's a real vote of confidence and is convincing evidence that we're on the right track.

Another vote of confidence is Tom Mills' article in the October 1979 Journal of Forestry. Mills' study concluded that FIP did increase cost-effective timber production; and that with some minor program honing, these investments would remain economically attractive.

We will continue to strive for optimum appropriations for the Forestry Incentives and Agricultural Conservation Programs of the Agricultural Stabilization and Conservation Service (ASCS). We will use every authority we have to help landowners finance site preparation, reforestation, and timber stand improvement.

To the extent that the planting of trees constitutes a "best management practice" to enhance water quality and is provided for within the Environmental Protection Agency-approved non-point source water pollution abatement plans, 1980 Rural Clean Water Program funds may be used to cost-share private land reforestation.

All of the regions report the need for increased market information and marketing assistance. Material loss and waste--due to poor utilization, lack of markets, and poor log grading--are unacceptably high. Reported needs include improved contracts and market incentives that encourage careful, workmanlike logging. Marketing information should be a part of that package. I am asking the Forest Service to take the lead in initiating a national price reporting system which will provide a market news service for timberland owners. We'll give this project high-priority attention.

In response to those needs, I can assure you that Department of Agriculture foresters and economists will work closely with state foresters, Cooperative Extension personnel, and landowners to develop the information, technical assistance, and incentives that are required. An important first step was taken at this meeting when Jim Neal and Tony Dor^Ywell agreed to create a joint timber-pricing and marketing information distribution system in the south. It will be funded by the Forest Service and implemented and operated by the Cooperative Extension system, through its county agents. There will be a trial and evaluation period, then consideration of its expansion to a nationwide system.

Each of the regional reports calls for further development of landowner associations, which could fill a wide variety of needs. Some regions suggest cooperatives to provide small landowners with large landowner discount prices per acre for custom management practices. Others would produce and market specific wood products.

Working with national associations and with state foresters and extension personnel, we will explore, develop, and promote the establishment and effectiveness of local landowner associations and cooperatives.

You report interest in developing a comprehensive, coordinated wood energy program.

As you know, President Carter has committed his administration to the most massive effort in history to obtain energy from sources other than petroleum. He also has proposed a bold program to encourage energy conservation. At this time, the chances of affirmative congressional action on his proposals appear favorable.

In this scramble for energy, we offer the National Forests' fair share of fuelwood. But wood for fuel must be where the need is. For the same reason wood must substitute for oil--the scarcity and high cost of oil--bulk wood cannot be transported economically over long distances to be burned. However, pellets, alcohol, or gaseous derivatives might be transportable.

Secretary Bergland announced last month that we are expanding pilot fuelwood projects to 50 counties in 6 New England states. These projects provide technical and cost-sharing assistance to woodlot owners to prepare forest stands for sale of fuelwood, including the building of access roads. All cutting is in accordance with long-term management objectives.

Your reports are loud and clear about the urgent need to provide more technical assistance, education, and information to nonindustrial forest owners. In addition to those issues previously mentioned, the reports identify a large number of specific needs.

Many of those needs point up the value of information and guidance from a professional forester. Landowners need help with on-the-ground problems of site preparation, tree planting, release, timber growth, thinning, integrated pest management, logging and marketing--essentially, all aspects of forestry.

For many years, technical assistance, education, and information services to private landowners have been cooperative efforts of federal and state agencies, the forest industry, and private landowners. The public funds going into this effort have been modest. Only about 1 percent of the forest landowners are contacted each year. This is much less than the annual landownership turnover of about 12 percent.

The results of this modest effort, however, have been spectacular. During the past 25 years, the annual growth of softwoods and hardwoods on nonindustrial private lands has nearly doubled. This is true not only for the national average but also for every region and most states. Extensive fire protection, modest reforestation, and technical assistance from both public and industry sources have been responsible for this growth. The capability of state forestry programs has improved markedly. And our increased technology for fuller utilization of the timber we grow and harvest also has contributed to the favorable growth/harvest balance.

During this 25-year period of accelerated annual growth, the amount of timber harvested has remained nearly constant. As a result, a huge inventory of potentially useful timber has accumulated on nonindustrial private lands. For softwoods, this amounts to 124 billion cubic feet; for hardwoods it is 180 billion cubic feet. In terms of sawtimber this inventory is 430 billion board feet for softwoods and 410 billion board feet for hardwoods.

This enormous increase in potential supply from nonindustrial private lands comes at a time when harvests on forest-industry owned lands are exceeding growth, and increases in national forest harvests are limited. It's clear, therefore, that the future thrust of technical assistance, education, and information programs should be to bring about more effective management that will enable us to realize this supply potential.

It is time to step up the amount of management planning assistance available to private forest landowners. This will require a joint effort of the state foresters, the U.S. Department of Agriculture, the Extension system, and the private sector. We have set a goal of developing management plans for 400,000 private nonindustrial landowners each year.

Management of both production and harvest should be emphasized for softwoods. Some persons have projected, for example, that the rate of harvest in the south could double in the next 10 years. If this happened, the current rate of regeneration wouldn't sustain forest yield. Therefore, promotion of reforestation is essential, along with improvements in the investment environment that will make softwood regeneration an attractive private landowner enterprise.

In addition to promotion of reforestation, I am asking that a goal be set so that within 10 years each tree seedling planted will be from genetically improved seed. Until that goal is reached, let's join together to assure that seedlings are grown from selected seed of known source and quality.

For hardwoods, the need for technical assistance, education, and information is different. The current harvest of hardwoods is only one-half the annual growth. If landowners are going to profitably increase the harvest of hardwoods, new hardwood products, new logging and manufacturing processes, and new markets are needed.

The forest products industry accounts for about 5 percent of our gross national product. Less than one-half of 1 percent of federal research and development funds is devoted to the solution of forestry problems, including the development of new wood products. This level of research funding is not adequate for such a major industry. The Renewable Resources Act of 1978 reinforces and expands our authorities to get on with this job. We are going to make every effort possible to provide the research required.

To carry out the expanded programs needed for both softwoods and hardwoods, all the actors--states, the federal government, universities, industry, consultants, and landowners--must cooperate. The states have the primary role. Cooperative Extension also can play a key role. Federal government, industry, and consultants play supporting roles.

In the past, the states have responded to this responsibility by increasing their share of public funds expended on these programs. The most dramatic expansion of this has been in fire protection. We welcome this because, even though the federal government has had a role to play, we believe private land fire protection is essentially a state and local responsibility. We agree with you that fire, insect and disease protection must be high-priority programs.

We expect the states to continue their support and leadership. We also will make every effort to ensure the federal government carries its share of the costs of planning and technical assistance. We will target our support in ways that give proper emphasis to the differences of needs in states, regions, and the nation. We also will target on opportunities that will tend to maximize the effectiveness of federal resources and state roles.

A number of states have used and expanded forest survey information to develop a comprehensive assessment of their forestry situations. Michigan recently produced a high quality assessment which may be of interest to other states. I'm sure State Forester Hank Webster would be glad to have his effort serve as a model!

Such an assessment, of course, is the basis of a comprehensive state forest resources plan. I am delighted to report that almost every state is participating in the State Forest Resources Planning Program authorized by the Cooperative Forestry Assistance Act of 1978. The resulting plans will provide each state with a coordinated policy for the provision of services to landowners.

The Cooperative Forestry Assistance Act redefines and reinforces federal-state relationships. The department will work within the provisions of that Act to obtain maximum results from our mutual efforts. I am confident that Einar Roget, our new Forest Service deputy chief for state and private forestry, will provide excellent leadership for our "S&PF" program.

The Renewable Resources Extension Act calls for expansion of Extension efforts for private forest landowners and others. "Pete" Petoskey, assistant deputy director for natural resources extension in our Science and Education Administration, is working with Extension administrators nationwide to implement this Act. The resulting programs not only will intensify Extension efforts but will also integrate them with those of state forestry programs. Our Soil Conservation Service (SCS) foresters also are looking forward to giving these programs an assist.

In addition to tax relief, incentives, market information and assistance, landowner associations, wood energy, and technical assistance, your reports mentioned several other needs. Some apply only to certain regions--but all are important.

Protection against theft and vandalism is an example. I'm very concerned, for example, that when walnut trees are "rustled," owners can't interest law enforcement agents in their problems--even when evidence which would lead to conviction is placed in the hands of authorities. I've encouraged the Federal Bureau of Investigation to help on such cases.

Still other needs which you cited are crop insurance, action on both desirable and undesirable regulations, landowner rights, and forest inventory information. And speaking of information, we need more involvement of our information and education specialists in this campaign to improve communications with landowners.

I hear you say that our existing "delivery system" is confusing to the landowner. It's no wonder that they're confused. Put yourself in their shoes:

Their local extension agent to whom they address their agricultural questions probably is not a forester--although some are. Extension foresters, being few in number and spread thinly over the state, concentrate on educational programs with groups of landowners.

Their local SCS district conservationist from whom they obtain their farm conservation plan probably is not a forester--although some are. Neither is their local ASCS representative. They are the ones who either encourage or discourage the landowner's use of the department's Forestry Incentives, Agricultural Conservation, Rural Clean Water, and Great Plains Conservation programs to improve the productivity of private timber as well as crop lands.

The state's local service forester is the only governmental employee to whom the landowner can turn for one-on-one technical forestry advice.

As has been suggested, we must integrate forestry information delivery and assistance at the county level.

Only if the local extension SCS, ASCS, and state forestry agents, private forestry consultants, and industry work as a team will the job get done, and landowners be well served. The combination of professional advice and cost-share assistance available should be well publicized through jointly written, jointly sponsored, easily understood publications, supplemented by television spots, 800 toll-free telephone numbers, telephone hot lines, and other means of easy communication.

And the state forestry plans and Renewable Resources Extension Act state plans must be closely coordinated and meshed to provide the right kind of direction from the top of the state agencies to their personnel--direction to cooperate and provide complementary services to landowners.

You have developed a full list of actions which, if properly carried out, can accomplish the objective of increasing and maintaining harvests on nonindustrial private forest lands. With these ingredients, we can help create an environment of tax, loan, and market incentives which will give landowners a new awareness of the productive value of their forest holdings. Through federal, state, university, and industry cooperation, we can provide the assistance and knowledge landowners will need.

Your reports primarily have addressed the problem of timber supply. That is certainly appropriate. All of us know, however, that the owners of these forest lands have a variety of uses for them. This variation must be given full consideration in all our efforts and in our expectations regarding harvest levels. Whatever we do must be in harmony with the multiplicity of goals of the owners of these lands.

Bill Towell and the National Association of State Foresters have made a tremendous contribution to the future of forestry on private nonindustrial lands by conducting these conferences.

It is clear that we, and they, share the same view of what forest productivity goals should be in the future. We all agree our efforts should aim at:

--minimizing real consumer cost impacts by assuring an adequate domestic supply of forest goods and services;

--developing a net international trade surplus for forest products, which will help us achieve a stable overall trade balance;

--providing more energy from a native renewable resource, as our country moves toward energy independence; and

--protecting and improving the quality of life of individuals and communities dependent on forest and related resources.

Private nonindustrial forest landowners are stewards of a vast and important resource base. They hold a key to this nation's future. The Department of Agriculture intends to support them and you to the best of our ability as we move forward together and meet the future.

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